



Mark Scott  
City Manager

June 25, 2012

Mr. Jacky Parks, President and  
Members of the Board of Directors  
Fresno Police Officers Association  
994 N. Van Ness Avenue  
Fresno, California 93728

Dear Jacky:

On behalf of the Mayor and City Council, I thank you for your June 15, 2012 letter and for scheduling the June 29/30 membership vote. In response to your question, yes, the City is asking your members to vote for a one-year 6% concession with no further extension to your contract. We would be receptive to a 6% concession achieved from any combination of base salary, holiday leave accrual, premium or assignment pays, wellness program, P.O.S.T. pay, uniform allowance, or any other cash equivalent.

It is impossible to fully acknowledge the contributions of a police force, so asking for concessions is something we do with great regret. Unfortunately, local governments are not immune from the economic realities of the day. I have been advising employees now for 18 months that the longer we wait to address our budget imbalance, the deeper the ultimate cuts will need to be. We must bring expenditures into line with resources. We have no choice but to reduce our compensation costs.

We remain resolute that we cannot afford further contract extensions for any of our bargaining units. For FPOA alone, we calculate the cost of a one-year extension to be a minimum of \$10 million. This number assumes savings that are possible through renegotiated MOUs. It is a "zero-sum" situation. The lesser the savings we achieve now, the more we will need later.

So why should your members vote to impose a voluntary concession upon themselves? We offer the following, which we hope you will share with the membership:

- While the percentage value of the concession (6%) would be the same as we ask of other groups, the dollar value is very high due to the size of the Police Department budget. The 6% concession would allow the City to avoid additional service level cuts, including those in the Police Department. I think we all agree that we need to stop cutting staffing levels.
- While we are grateful for FPOA's past salary deferrals, your members have experienced no reductions in take-home pay to date, except for the one-time uniform allowance concession and the deferral of holiday cash outs. This makes your group unique in the City and puts you in a very favorable position among the majority of public and private employees in the Fresno region since the start of the downturn.
- Since the 2007 effective date of your contract, we calculate the dollar value of all increases through June 30, 2012 at approximately \$38.6 million. Projecting to June 30, 2015, the value of increases will be approximately \$67.2 million. (The detailed calculations are attached. Except as noted, these numbers are calculated on base salary. They do not include "the roll-up" of costs for pension, premium pays, Medicare, etc.)
- Since the effective date of your contract, we calculate the value of FPOA's deferrals and concessions through June 30, 2012 at approximately \$8.6 million. Projecting to June 30, 2015, the value of your deferrals and concessions will be roughly \$14.0 million. This calculation is also attached and is consistent in methodology to the one calculating the increases.
- The following chart summarizes the above and shows how FPOA's increases have occurred despite significant decline in the City's General Fund:

	<u>Thru 6/30/12</u>	<u>Expected Thru 6/30/15</u>
Value of Increases in contract since 2007	\$ 38.6 million	\$67.2 million
Value of deferrals and concessions since 2007	<u>8.6 million</u>	<u>14.0 million</u>
Net Increase	\$ 30.0 million	\$53.2 million
Reduction in General Fund revenues since 2007	\$ (21.2 million)	\$ (9.2 million)

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- Base pay + POST for a top step Police Officer in FY07 was \$65,888. Base pay for the same top step Police Officer in FY12 is \$79,990. Base pay for a top step Police Officer on 6/30/15 will be \$83,100. This represents a 26.1% increase for the average Police Officer during the 8-year lifetime of the contract. This includes the 5% increase for F step.

Jacky, we are asking your members to agree to a one-time concession that would increase the value of your total concession by 6% (\$4.2 million). We understand the reluctance from our dedicated, hard-working employees, but it is nonetheless a reasonable request when evaluated in the full context of Fiscal Year 2013 resources and revenue projections. Given the significant reductions in City revenues over the last 4 years and the net increase in compensation the members have received over the same time period, our request is well within the norm for salary reductions affecting workers in the City, all over the State, and beyond.

And yes, even as we do this, we are also asking all of our employees to understand that the City will be looking to reduce overall compensation costs as contracts expire. We regret this necessity, but it is the reality of virtually all governments and private businesses. In 2013 we cannot afford the programs that were negotiated in the pre-recession years. The longer it takes to achieve this, the deeper future cuts have to be.

We respectfully request the support of the FPOA Board in communicating this request.

Sincerely,



Mark Scott  
City Manager

## FPOA Basic & Management Units – Value of Contract Increases for the period FY 2007 through FY 2015

Item	Value of increase or (Concession) -
<b>Increases to FPOA Basic and Mgmt Units</b>	
(NOTE: Numbers reflect base salary only and do not reflect changes to pension, premium pays or other benefits)	
<b>(1) Wage Increases: (represents base salary costs only)</b>	
• July 2006 (FY 2007): 3% as of 7/1/06 to FY 2015	\$15,802,400
• July 2008 (FY 2009): 2% as of 7/1/08 to FY 2015	8,085,200
• July 2010 (FY 2011): 2% as of 7/1/10 to FY 2015	5,575,200
• July 2014 (FY 2015): 2% as of 7/1/14 to 6/30/2015	1,094,900
• January 2015 (FY 2015): 2% as of 1/1/15 to 6/30/2015	547,500
<b>(2) The "F" Step</b> (amount includes, Base salary, pension, premium pay, Medicare) – does not include impact to overtime earnings. FY 2007-FY 2015	19,684,800
<b>Post Pay increases</b> FY 2007-FY 2015	12,794,400
<b>Uniform Allowance increases</b> – this number represents the impact of increases from FY 2007 to FY 2015	1,786,100
<b>Wellness program</b> – this number represents the impact of the program increases from FY 2007 to FY 2015	1,315,000
<b>Additional payment:</b> \$325 per sworn employee – 12/1/11 & 12/1/12	486,500
<b>TOTAL Increase</b>	<b>\$67,172,000</b>
<b>Deferrals and Concessions from FPOA Basic and Mgmt Units:</b>	
(NOTE: Numbers reflect base salary only and do not reflect changes to pension, premium pays or other benefits)	
<b>Wage Increase Deferrals (represents base salary costs only)</b>	
• July 2008 (FY 2009): 2% instead of 3%, giveback of 1% to FY 2015	\$(4,042,600)
• July 2010 (FY 2011): Deferred 2% increase from FY 10 to FY 2011	(1,159,500)
<b>(3)</b> • July 2009 (FY 2010): Deferred increases 1% January 2011 - 2% July 2011 - 1% January 2012 to 2% July 2014 - 2% January 2015 – net savings	(7,831,600)
<b>Uniform Allowance suspended for FY 2011 (Sept 2010)</b>	(959,900)
<b>TOTAL Deferrals &amp; Concessions</b>	<b>\$(13,993,600)</b>



<sup>(1)</sup> Note on methodology for wage increases: The amounts shown as the value of the wage increase reflects the difference between the "original budgeted base salary plus the stated wage increase" and "base salary without the stated wage increase."

<sup>(2)</sup> Though the "F" Step was implemented in FY 2008, the impact did not start taking place until FY 2009.

<sup>(3)</sup> The number shown is the approximate net savings of the deferrals.

## FPOA Basic & Management Units – Value of Contract

### Increase for Items Implemented FY 2007 through FY 2012

Item	Value of increase or (Concession) -
<b>Increases to FPOA Basic and Mgmt Units</b>	
(NOTE: Numbers reflect base salary only and do not reflect changes to pension, premium pays or other benefits)	
<b>(1) Wage Increases: (represents base salary costs only)</b>	
• July 2006 (FY 2007): 3% as of 7/1/06 to FY 2012	\$10,676,300
• July 2008 (FY 2009): 2% as of 7/1/08 to FY 2012	4,734,800
• July 2010 (FY 2011): 2% as of 7/1/10 to FY 2012	2,290,600
<b>(2) The “F” Step</b> (amount includes, Base salary, pension, premium pay, Medicare) – does not include impact to overtime earnings. FY 2007-FY 2012	
	10,696,100
<b>Post Pay increases</b> – from FY 2007 to FY 2012	7,960,300
<b>Uniform Allowance increases</b> – this number represents the impact of increases 2007 through 2012.	1,166,000
<b>Wellness program</b> – this number represents the impact of the program increases 2007 through 2012.	865,000
<b>Additional payment:</b> \$325 per sworn employee – 12/1/11	243,800
<b>TOTAL Increases</b>	<b>\$38,632,900</b>
<b>Deferrals and Concessions from FPOA Basic and Mgmt Units:</b>	
(NOTE: Numbers reflect base salary only and do not reflect changes to pension, premium pays or other benefits)	
<b>Wage Increase Deferrals (represents base salary costs only)</b>	
• July 2008 (FY 2009): 2% instead of 3%, giveback of 1% to FY 2012	\$(4,042,600)
• July 2010 (FY 2011): Deferred 2% increase from FY 10 to FY 2011	(1,159,500)
<b>(3)</b> • July 2009 (FY 2010): Deferred increases 1% January 2011 - 2% July 2011 - 1% January 2012	(2,432,200)
<b>Uniform Allowance suspended for FY 2011 (Sept 2010)</b>	(959,900)
<b>TOTAL Deferrals &amp; Concessions</b>	<b>\$(8,594,200)</b>

<sup>(1)</sup> Note on methodology for wage increases: The amounts shown as the value of the wage increase reflects the difference between the original budgeted base salary with the stated wage increase and base salary without the stated wage increase.

<sup>(2)</sup> Though the "F" Step was implemented in FY 2008, the impact did not start taking place until FY 2009.

<sup>(3)</sup> The number shown is the approximate net savings of the deferrals. The two increases are subtracted from total savings to achieve net savings through the end of FY 2015. Salary based on individual budgeted amount excluding FY 2009 2% wage increase.

<b>Average Police Officer Costing at Top-Step</b>	<b>FY 2007 830 FTE</b>	<b>FY 2012 748 FTE</b>
SALARY	\$64,596	\$76,913
FRINGE		
MEDICAL INSURANCE (City portion)	7,864	9,456
UNIFORM ALLOWANCE	890	1,200
WORKERS COMP	2,809	5,198
UNEMPLOYMENT	129	731
MEDICARE		
SALARY	937	1,115
UNIFORM	13	17
PREMIUM PAY	19	49
PENSION Costs (City portion)		
(1) MOU PENSION CONTRIB. SALARY	646	769
MOU PENSION CONTRIB. UNIFORM	9	12
MOU PENSION CONTRIB. PREMIUMS	13	34
MOU PENSION CONTRIB. HOLIDAY	38	38
(2) REGULAR PENSION CONTRIB. SALARY	3,230	18,413
(4) REGULAR PENSION CONTRIB. 1% PENSION CON.	32	184
REGULAR PENSION CONTRIB. UNIFORM	45	287
REGULAR PENSION CONTRIB. PREMIUM PAY	65	814
REGULAR PENSION CONTRIB. HOLIDAY HRS.	192	921
PREMIUM PAY		
(3) 4% POST INTERMEDIATE	1,292	3,077
BONUS (Tied to Holiday Pay)	0	325
Total Fringe	18,223	42,640
<b>Total Salary &amp; Fringe:</b>	<b>\$82,819</b>	<b>\$119,553</b>

(1) This is the one percent pension contribution set by MOU.

(2) This is the pension contribution set annually by the Retirement Board. In FY 2006 it was zero, in FY 2007 it was five percent and in FY 2012 it was 23.94 percent.

(3) This number was calculated by using total POST pay and the total number of officers, some of whom do not yet qualify for POST. The average POST pay for those officers who do qualify for the premium is \$7,006. There are 3 levels of POST pay.

(4) The one percent MOU Pension contribution is considered a pensionable benefit, thus this item is the regular pension contribution on the one percent MOU pension benefit. Note that for management the one percent will be increased to two percent effective June 30, 2012.